With the above purchase of gold, the overall level of foreign exchange reserves have however remained unaffected and only a small portion of foreign currency assets have been replaced by gold.

Fraud risk management in Banks

2027. SHRI ISHWAR SINGH:
SHRI N.K. SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that the incidence of frauds in the banks has been showing an increasing trend over the recent years both in terms of number of frauds and the amounts involved;

(b) if so, the details thereof;

(c) whether in view of increase in incidence of frauds in the banks, the Reserve Bank of India (RBI) has advised banks to frame internal policy for fraud risk management and fraud investigation function; and

(d) if so, to what extent the banks have framed policy and put a check on frauds in retail banking?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Reserve Bank of India (RBI) has informed that the total number of cases of frauds and amounts involved, as reported by the commercial banks during the last three calendar years (2006-08) and upto June 30, 2009 are as under.

Amount rupees in crores

2006		2007		2008		2009 (upto June 2009)	
No. of frauds	Amount	No. of frauds	Amount	No. of frauds	Amount	No. of frauds	Amount
21687	1200.87	22280	1077.84	21980	1431.11	13038	1130.92

From the above data on total number of frauds, it may be observed that during 2006-07 it had shown an increasing trend but during 2007-08 it had shown a decreasing trend. However, the first half of 2009 shows an increasing trend again.

(c) and (d) RBI has issued a circular to all Scheduled Commercial Banks on September 16, 2009 advising them to frame, with the approval of their respective Boards an internal policy for fraud risk management and fraud investigation function, based on the governance standards relating to the ownership of the function and accountability for malfunctioning of fraud risk management process in their banks. The effectiveness of the policies framed by the banks in containing the frauds would be assessed by the Reserve Bank of India during the periodical inspections of banks.